

Message Text

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ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 SAJ-01 ACDA-07

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R 081155Z NOV 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9407

INFO AMEMBASSY KATHMANDU

AMCONSUL CALCUTTA

USLO PEKING

AMEMBASSY ISLAMABAD

C O N F I D E N T I A L NEW DELHI 16291

E.O. 11652: GDS

TAGS: PFOR, IN, NP

SUBJECT: INDO-NEPALESE RELATIONS

REF: NEW DELHI 15858 (NOTAL)

1. AMBASSADOR MAYTAG ACCOMPANIED BY EMOFF CALLED ON NEPALESE AMBASSADOR KRISHNA BOM MALLA NOVEMBER 3, AND EMOFF CALLED ON NEPALESE COUNSELOR JAI RANA NOVEMBER 4. FOLLOWING ARE THEIR VIEWS ON THE PRESENT STATE OF INDO-NEPALESE RELATIONS.

2. FROM THE NEPALESE VIEWPOINT THE PRESENT DEPRESSED STATE OF THEIR RELATIONS WITH INDIA IS A RESULT OF THE GON'S EFFORTS TO ASSERT AN INDEPENDENT NEPALESE IDENTITY AND TO ACHIEVE MODERNIZATION WHICH CONFLICTS WITH THE GOI'S OBJECTIVE OF MAINTAINING ITS REGIONAL PREEMINENCE AND PRESERVING ITS LEVERAGE OVER THE NEPALESE ECONOMY.

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AMBASSADOR MALLA TOLD AMBASSADOR MAYTAG THAT INDIA SEES ITSELF

AS THE SUCCESSOR TO GREAT BRITAIN IN THE REGION AND SEEKS TO DOMINATE ITS NEIGHBORS. THIS, HE ASSERTED, EXPLAINED THE STRONG NEGATIVE REACTION OF THE GOI TO THE NEPALESE ZONE OF PEACE PROPOSAL.

3. THE TRADE AND TRANSIT TREATY NEGOTIATIONS: JAI RANA CHARACTERIZED THE INDIAN POSITION IN THE NEGOTIATIONS AS EXTREMELY "RIGID". BY REFUSING TO FACILITATE THE TRANSIT OF NEPALESE IMPORTS THROUGH INDIA, THE GOI SOUGHT TO MAKE IT SO COSTLY FOR NEPAL TO IMPORT FROM THIRD COUNTRIES THAT IT WOULD HAVE TO PURCHASE MAINLY FROM INDIA. HE CITED THE HUGE COST OF THE CEMENT RECENTLY BOUGHT FROM KOREA WHEN IT FINALLY WAS LANDED IN KATHMANDU. INDIA, HOWEVER, WAS NOT A RELIABLE SUPPLIER FOR NEPAL, AS INDICATED BY ITS REDUCTION OF PETROLEUM SHIPMENTS. AMBASSADOR MALLA ALSO REITERATED PREVIOUSLY EXPRESSED COMPLAINTS ABOUT INDIA'S "EXPLOITIVE" PRICING POLICY FOR COMMODITIES SOLD TO NEPAL. RANA SAID THAT IN THE END NEPAL WOULD HAVE TO ACCEPT THE GOI'S POSITIONS ON TRADE AND TRANSIT BUT OBSERVED THAT THIS WOULD PRODUCE GREAT RESENTMENT IN NEPAL.

4. INDIAN TRAVEL RESTRICTIONS FOR NEPALESE: ALTHOUGH THE GOI HAD INITIALLY SAID THAT SECURITY REASONS WERE RESPONSIBLE FOR THE IMPOSITION OF THESE RESTRICTIONS, DURING HIS VISIT TO NEPAL, INDIAN FOREIGN SECRETARY JAGAT MEHTA EMPHASIZED THE ECONOMIC PROBLEMS OF THE NORTHERN BORDER AREAS AS THE PRIMARY CONCERN, I.E., THE SCARCITY OF EMPLOYMENT. THE NEPALESE EMBASSY HERE BELIEVES THAT THE PROBLEM IS PRINCIPALLY A SECURITY AND A POLITICAL ONE WITH THE ECONOMIC FACTOR A SECONDARY CONSIDERATION. RANA SAID THAT FOR MANY YEARS THE GOI HAS BEEN CONCERNED ABOUT THE CONCENTRATION OF NEPALESE IN THE AREA FROM SIKKIM THROUGHOUT THE NORTHEASTERN REGION. THESE NEPALESE HAD NEVER INTEGRATED THEMSELVES INTO THE MAINSTREAM OF INDIAN LIFE BUT HAVE MAINTAINED THEIR NEPALESE IDENTITY. RANA SAID THAT WHILE IT WAS UNLIKELY THAT THE NEPALESE IN INDIA WOULD EVER ON THEIR OWN ORGANIZE THEMSELVES TO THE POINT WHERE THEY WOULD CONSTITUTE A POLITICAL THREAT TO INDIA, THE GOI BELIEVED THAT THE PRC WAS CAPABLE OF EXPLOITING THEM FOR ITS ANTI-INDIAN PURPOSES. RANA DESCRIBED SUCH INDIAN FEARS OF CHINA AS CONFIDENTIAL

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TOTALLY UNWARRANTED BUT SAID THAT THIS EXPLAINED THE GOI'S INTEREST IN PREVENTING FURTHER NEPALESE IMMIGRATION INTO INDIA. RANA NOTED THAT THE GOVERNMENT OF ASSAM HAD INSTITUTED A SYSTEM OF LAND CENSUS AND REGISTRY WHICH WILL HAVE THE EFFECT OF REDUCING THE CONCENTRATION OF NEPALESE IN THAT STATE. HE ALSO THOUGHT THAT WHILE THE GOI'S NEW TRAVEL RESTRICTIONS WERE NOT INTENDED TO PUNISH THE GON FOR ANY SPECIFIC "OFFENSE," THEY MIGHT HAVE BEEN INSTITUTED PARTIALLY IN RESPONSE TO THE GON'S

PROGRAM OF REGISTERING RESIDENTS OF THE TARAI WHICH WOULD LIMIT THE MOVEMENT OF INDIANS INTO THAT REGION.

5. RANA DENIED THAT THE GOI HAD FORMALLY OR INFORMALLY NOTIFIED THE GON OF THE NEW TRAVEL RESTRICTIONS PRIOR TO THE END OF SEPTEMBER, AS CLAIMED BY MEA JOINT SECRETARY N.N. JHA (REFTEL).

6. THE TONE OF BOTH AMBASSADOR MALLA'S AND HIS COUNSELOR'S REMARKS WAS NOTICEABLY MORE CRITICAL OF THE GOI THAN IT HAS BEEN IN THE PAST. THEY INDICATED SATISFACTION WITH THE VISIT OF FOREIGN SECRETARY MEHTA AND THE APPOINTMENT OF NEDYAM BALACHANDRA MENON AS THE NEW INDIAN AMBASSADOR TO NEPAL BUT NOTED THAT GOI POLICY TO NEPAL REMAINED RIGID. THE GON FOUND IT INCREASINGLY DIFFICULT TO DEAL WITH THE GOI. RANA OBSERVED THAT THIS WAS A RESULT OF THE INCREASING CONCENTRATION OF POWER IN MRS. GANDHI'S HANDS. ONCE A POSITION WAS TAKEN, HER SUBORDINATES HAD NO LATITUDE TO NEGOTIATE AND GENERALLY WERE UNWILLING TO TAKE THE INITIATIVE TO SEEK NEW INSTRUCTIONS. (COMMENT: AS INDICATED BY OUR CONVERSATION WITH MEA JOINT SECRETARY JHA, THE GOI IS APPARENTLY INNO MOOD TO BE CONCILIATORY TOWARD NEPAL. WE QUESTION WHETHER THIS IS ATTRIBUTABLE TO INDIA'S INTERNAL POLITICAL PROCESSES.)

7. EMBASSY ANALYSIS FOLLOW SEPTTEL.
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